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PUBLIC SERVICE  
COMMISSION

March 10, 2008

Ms. Elizabeth O'Donnell  
Executive Director  
Public Service Commission  
Post Office Box 615  
211 Sower Boulevard  
Frankfort, KY 40602

Re: Case No. 2007-00509

Dear Ms. O'Donnell:

Please find enclosed for filing with the Commission in the above-referenced case, an original and six copies of the Responses of East Kentucky Power Cooperative, Inc. to the Commission Staff's Second Data Requests dated February 29, 2008.

Very truly yours,



Charles A. Lile  
Corporate Counsel

Enclosures

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE  
COMMISSION

IN THE MATTER OF:

APPLICATION OF EAST KENTUCKY POWER )  
COOPERATIVE, INC. FOR AN ORDER DECLARING )  
THE MAYSVILLE COUNTY LANDFILL GAS TO ) CASE NO.  
ENERGY PROJECT TO BE AN ORDINARY ) 2007-00509  
EXTENSION OF EXISTING SYSTEMS IN THE )  
USUAL COURSE OF BUSINESS )

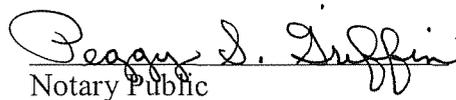
CERTIFICATE

STATE OF KENTUCKY )  
 )  
COUNTY OF CLARK )

Ralph H. Tyree, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to the Public Service Commission Staff Second Data Requests in the above-referenced case dated February 29, 2008, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

  
Ralph H. Tyree

Subscribed and sworn before me on this 10<sup>th</sup> day of March, 2008.

  
Notary Public

My Commission expires:

December 8, 2009

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**MAR 12 2008**

**PUBLIC SERVICE  
COMMISSION**

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**APPLICATION OF EAST KENTUCKY )  
POWER COOPERATIVE, INC. FOR AN )  
ORDER DECLARING THE MAYSVILLE- )  
MASON COUNTY LANDFILL GAS TO ) CASE NO. 2007-00509  
ENERGY PROJECT TO BE AN ORDINARY )  
EXTENSION OF EXISTING SYSTEMS IN )  
THE USUAL COURSE OF BUSINESS )**

**RESPONSES TO COMMISSION STAFF'S SECOND DATA REQUEST  
TO EAST KENTUCKY POWER COOPERATIVE, INC.  
DATED FEBRUARY 29, 2008**

**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2007-00509**

**COMMISSION STAFF'S SECOND DATA REQUEST DATED 02/29/08**

East Kentucky Power Cooperative, Inc. (EKPC) hereby submits responses to the Commission Staff's Second Data Request dated February 29, 2008. Each response with its associated supportive reference materials is individually tabbed.



**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2007-00509**

**SECOND DATA REQUEST RESPONSE**

**COMMISSION STAFF'S SECOND DATA REQUEST DATED 02/29/08**

**REQUEST 1**

**RESPONSIBLE PERSON:**           **Ralph H. Tyree**

**COMPANY:**                       **East Kentucky Power Cooperative, Inc.**

**Request 1.**                   Refer to the response to Item 1(b) of Commission Staff's first data request, which compares the generating equipment EKPC proposes for the Maysville-Mason County Landfill ("Maysville-Mason") project to the equipment installed at its Laurel Ridge Landfill operation. Has the equipment proposed for the Maysville-Mason project been installed at any of EKPC's other existing landfill generating sites? If yes, identify those generating sites.

**Request 1.**                   No, this engine/generator combination has not been installed at any of the other EKPC facilities.



**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2007-00509**

**SECOND DATA REQUEST RESPONSE**

**COMMISSION STAFF'S SECOND DATA REQUEST DATED 02/29/08**

**REQUEST 2**

**RESPONSIBLE PERSON:**            **Ralph H. Tyree**

**COMPANY:**                            **East Kentucky Power Cooperative, Inc.**

**Request 2.**                    Refer to the response to Item 3 of Commission Staff's first data request, which identifies, by year, the actual availability factors for each of EKPC's existing landfill units since the unit became operational. Given the actual availability factors achieved to date, explain why EKPC continues to assume an availability factor of 95 percent for proposed units, such as the Maysville-Mason project.

**Response 2.**                    EKPC continues to use a 95% capacity factor in its forecast and believes that this is an achievable and reasonable level. For example, the Bavarian Landfill Gas To Energy ("LFGTE") facility has had a capacity factor of about 95% in each of the last three years. The owner at the Bavarian site has placed a higher emphasis on the operation and maintenance of the landfill gas collection system than the operators at the other sites. As noted in Response 1(c) to the first data request in this case, EKPC is now actively involved in the operation and troubleshooting of well-field problems at the Laurel Ridge, Hardin County and Pendleton County landfill projects. The greater emphasis on O&M, combined with future expansions at the landfills and anticipated upgrades to the gas collection systems, should help alleviate future shortages in gas deliveries and improve capacity factors.



**EAST KENTUCKY POWER COOPERATIVE, INC.**

**PSC CASE NO. 2007-00509**

**SECOND DATA REQUEST RESPONSE**

**COMMISSION STAFF'S SECOND DATA REQUEST DATED 02/29/08**

**REQUEST 3**

**RESPONSIBLE PERSON: Frank J. Oliva**

**COMPANY: East Kentucky Power Cooperative, Inc.**

**Request 3.** Commission Staff is aware of a recent article published in the Maysville Ledger-Independent with the headline, "EKPC receives funds for landfill projects." The article refers to EKPC receiving proceeds from Clean Renewable Energy Bonds ("CREB") for four landfill gas projects, including the Maysville-Mason project. In Case No. 2007-00462,<sup>1</sup> EKPC's application for approval of financing indicated that it would not draw down CREB funds for any landfill gas project prior to receiving an Order from the Commission declaring the construction of the project to be an extension in the ordinary course of business. In its Order approving EKPC's proposed use of CREB funds, the Commission incorporated that condition as Ordering Paragraph No. 4. Explain whether the recent article was describing (1) EKPC's draw down of CREB funds or (2) EKPC's receipt of approval from the National Rural Utilities Cooperative Finance Corporation ("CFC") to draw down CREB funds at some point in the future. If the latter, provide the CFC approval letter or other approval document.

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<sup>1</sup> Case No. 2007-00462, Application of East Kentucky Power Cooperative, Inc. for Approval of the Issuance of Clean Renewable Energy Bonds in an Amount up to \$15.8 Million for a Term of up to Sixteen Years (Order dated December 20, 2007).

**Response 3.** Attached is the approval letter from CFC, indicating the amount available for advance for the Maysville-Mason project. EKPC has not drawn down any funds relating to this project. The "Initial Advance" referenced in the attached approval letter is for Original Issue Discount ("OID") and related expenses for the issuance of the CREB's. EKPC received none of these funds.



National Rural Utilities  
Cooperative Finance Corporation

2201 Cooperative Way  
Hamdon, Virginia 20171-3025  
703-709-6700 | www.nrucfc.coop

A Touchstone Energy Cooperative 

February 6, 2008

David Eames  
CFO  
East Kentucky Power Cooperative  
4775 Lexington Road 40391  
Winchester, KY 40392

RE: Clean Renewable Energy Bond ("CREB") Issuance  
CFC Loan No.: KY059-A-9054-CB001

Dear Mr. Eames:

National Rural Utilities Cooperative Finance Corporation ("CFC") is pleased to inform East Kentucky Power Cooperative, Inc. ("Borrower") that on February 6, 2008, CFC closed the sale of its first series of CREBs to provide financing for your Maysville-Mason project (the "Project"). Pursuant to the Loan Agreement, dated as of January 8, 2008 between Borrower and CFC providing financing for the Project (the "Loan Agreement"), CFC is now able to provide you with the final information on maturity, interest rate and amount available for advance which were determined on the closing date of the bonds. Specifically:

The Closing Date is February 6, 2008.

The CFC CREB Rate is forty basis points (40/100 of 1%) per annum.

The CREB Maturity Date is December 15, 2023.

The Maturity Date is December 1, 2023.

The Maximum CREB Term Anniversary Date is February 6, 2024.

The amount of the Initial Advance is \$113,850.00.

The amount of the CFC Commitment remaining for Borrower to Advance is \$1,277,400.00.

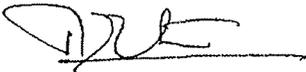
If you have requested an advance under the Loan Agreement for reimbursement of costs of the Project, CFC will make that advance on February 8, 2008 according to the instructions you have already submitted.

CFC LETTER  
KY059-A-9054-CB001 (JABLONJ)  
119854-1

We at CFC appreciate the opportunity to do business with you and look forward to serving your financial needs in the future.

Please don't hesitate to contact me for anything further at 1-800-424-2954 x 2054.

Sincerely,

A handwritten signature in black ink, appearing to read 'NR', with a horizontal line underneath.

Nazir Rostom  
Assistant Secretary-Treasurer

cc: James Jablonski, CFC